

Dear Judge Glenn,

I trust this letter finds you well. I am writing to bring to your attention a matter of utmost importance regarding the ongoing Celsius bankruptcy case.

As an International Earn Creditor, I am deeply concerned about the delays and inadequacies in the distribution process of liquid crypto assets promised to creditors. It is imperative to note that the challenges we are facing are not a result of our actions or circumstances within our control, but rather stem from the gross incompetence of the legal teams and companies entrusted with the distribution process.

It is incumbent upon the Court to ensure expediency and fairness in such proceedings, and regrettably, the current situation falls far short of these expectations. The prolonged delays not only inconvenience the creditors but also incur unnecessary costs for the involved legal teams, ultimately impeding the overall recovery process.

With all due respect, I urge you to initiate a thorough investigation into the matter and hold Stretto and all the other parties involved in the distribution process accountable for their shortcomings. It is imperative to mandate a fair, transparent, and efficient distribution process that upholds the rights of all creditors.

Allow me to elaborate on the specific concerns, specifically regarding the involvement of Coinbase as a distributor for international creditors. Put it simply, Coinbase lacks the trustworthiness and reliability required to serve as a distributor for international creditors, failing to fulfill the distribution of liquid cryptocurrency for a significant number of international creditors.

While I can understand that you may not be fully acquainted with Coinbase's history, a cursory search on platforms like Reddit<sup>1</sup> using keywords such as "Coinbase banned my account"<sup>2</sup> or "Coinbase stole my money"<sup>3</sup> reveals numerous accounts of users encountering issues such as arbitrary bans and fund seizures without adequate explanation from Coinbase. The User Agreement imposed by Coinbase further exacerbates these concerns, granting them unilateral authority to suspend or terminate accounts without disclosure or recourse for affected users. Here is a relevant excerpt of Coinbase User Agreement (Australia) that international creditors were forced to accept as pre-requisite to receive their distribution:

*"Coinbase may suspend, restrict, or terminate your access to any or all of the Coinbase Services, and/or deactivate or cancel your Coinbase Account(s), with immediate effect for any reason at its sole discretion and is under no obligation to disclose the details of its decision to take such action with you. You acknowledge that Coinbase's decision to take certain actions, including limiting access to, suspending, or closing your account for any reason in our sole discretion, may be based on confidential criteria that are essential to Coinbase's risk management and security protocols. You agree that Coinbase is under no obligation to disclose the details of its risk management and security procedures to you."*  
**[source: [https://www.coinbase.com/legal/user\\_agreement/australia](https://www.coinbase.com/legal/user_agreement/australia), section 7.1, paragraph 2]**

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<sup>1</sup> <https://www.reddit.com/>

<sup>2</sup> <https://www.reddit.com/search/?q=coinbase+banned+my+account&type=link&cld=2f8d3ca2-8766-466d-b418-df09be4df5b1&iid=c3a21b29-0a8d-45e9-9b87-a641576ab636>

<sup>3</sup> <https://www.reddit.com/search/?q=%E2%80%9CCoinbase+stolen+my+money%E2%80%9D+&type=link&cld=1c100a62-e3ef-461d-8950-d86a28afbd95&iid=464db6c1-ba7c-4a97-ad14-fb6caf3dba>

Moreover, the cumbersome and unresponsive Coinbase support system exacerbates the plight of international creditors, leaving them stranded without access to their funds or avenues for resolution. Indeed, submitting a complaint or initiating legal action against Coinbase is impractical due to the requirement of first submitting a support ticket, a process that proves unresponsive and often results in ticket closure without resolution. Here is an excerpt from the User Agreement highlighting this issue:

*"10.2. Complaints. If you have a complaint with Coinbase, you agree to first contact our support team to attempt to resolve such complaint. If we cannot resolve the dispute through our support team, you and we agree to use the complaints process set out in this Section 10.2. You agree to use this process before commencing any action as set out in Section 10.4. If you do not follow the procedures set out in this Section 10.2 before pursuing an action under Section 10.4, we shall have the right to ask the relevant court/authority to dismiss your action/application unless and until you complete the following steps."*

**[source: [https://www.coinbase.com/legal/user\\_agreement/australia, section 10.2](https://www.coinbase.com/legal/user_agreement/australia, section 10.2)]**

In this letter, I can present details about my own experience with Coinbase, wherein my account was inexplicably banned by Coinbase, underscoring the current impossibility to receive my distribution. While one might assume this ban was due to some wrongdoing on my part, the reality is quite different. Immediately after following Stretto's instructions to create a Coinbase account, I proceeded to create one and I received an activation link on my email account. After clicking on the activation link, I received an email from Coinbase merely two minutes later, stating a breach of their User Agreement terms and subsequently, another email communicating my account's deletion. Notably, I had never previously utilized Coinbase, leaving me puzzled as to how I could have violated their terms. Unfortunately, as stated above, their User Agreement terms allow them to not disclose the details of their decisions, and communications with Coinbase support team were unsuccessful.

As stated before, by reviewing other similar experiences on Reddit, I became aware that my experience was not an isolated account. Coinbase appears to heavily rely on an opaque automated system, which promptly blacklists accounts upon their creation or after their transactions, without transparent justification or recourse.

I attempted to address this issue by contacting Stretto and submitting support tickets months ago, only to receive generic responses lacking sufficient details for resolution. Their suggested recourse was to expect a USD cheque (that are no more accepted by banks in most of modern countries, included Australia), yet, despite their assurance of attempting to distribute my funds as USD dollars, I received an automated email from Stretto indicating a failure to locate a matching Coinbase account, thus suggesting that Stretto did not update their records showing my impossibility to use Coinbase as distributor. This illustrates Stretto's organizational deficiencies, as they were evidently unable to cross-reference creditor communications regarding their inability to open Coinbase accounts, even after several months.

I have been part of Telegram and X (a.k.a. Twitter) groups, and I have been able to observe other creditors experiencing similar issues with Coinbase. For example, some creditors successfully managed to create Coinbase accounts, only to find themselves subjected to rigorous manual reviews and unable to receive their liquid crypto distribution but instead rerouted to accept a disadvantageous USD dollars distribution. During the manual review, Coinbase support team demanded them to provide an excessive array of private documents akin to procedures reserved for international terrorism suspects. Despite their patience in furnishing the requisite documents, they were subsequently bombarded with additional

requests for information from Coinbase, often weeks or months after the initial submission. This coercive process effectively compels creditors, under the court's mandate, to either forfeit their liquid crypto distribution in favour of a disadvantageous USD distribution or surrender an unnecessary trove of private information to a U.S. corporation under unfair User Agreement terms. Such a system fails to uphold principles of fairness, especially when there are superior alternatives available—cryptocurrency exchanges catering to international users that operate outside the scrutiny of regulatory bodies like the SEC.

Furthermore, a lucky subset of creditors who successfully gained approval for their Coinbase accounts—aligned with the details submitted to Celsius via their app—now find themselves deprived of their distribution. Instead, they receive automated emails from Stretto, informing them of the inability to locate matching accounts. As a result, these creditors were compelled by Stretto to accept USD distributions, utilizing Bitcoin and Ethereum values as of the effective date on February 16, 2024. This decision places them at a disadvantage compared to those receiving liquid crypto distributions. This discrepancy denies them the opportunity to capitalize on the current upswing of Bitcoin and Ethereum prices for a potentially higher USD compensation that for some creditors with high claims is a good chunk of money.

It is clear that depending only on Coinbase as a distributor presents notable risks and challenges for international creditors. Moreover, it is apparent that Stretto and the other involved legal teams lack efficiency, transparency, and fairness in handling this matter, falling short of the professional standards expected given the substantial compensation received by these legal teams. The current process not only lacks transparency but also subjects creditors to undue hardships and uncertainties.

In light of these issues, I propose a more equitable solution to ensure the swift and fair distribution of assets to international creditors. The implementation of a simple web-based portal, akin to the one used for voting ballots, would provide creditors with real-time updates on the distribution status, as well as the option to choose alternative methods such as USD transfers in cases of distributor-related challenges.

This solution would not only enhance transparency and control for creditors but also alleviate the burden on Stretto's team, freeing them from the deluge of inquiries and complaints.

Here is a detailed outline of the proposed solution:

1. Stretto will create a simple web-based portal for Celsius (International) Creditors with a login system similar to that created for the voting ballots, i.e., a login interface with a password communicated to the creditor via their Celsius email.
2. Following a successful login, the dashboard will present a clear interface displaying the following information:
  - a. The USD value of the creditor's claim at the time of bankruptcy.
  - b. The USD value of the expected distribution for the creditor, as per the Bitcoin and Ethereum values on February 16, 2024.
  - c. If the distribution is set to be released as liquid cryptocurrency, the estimated liquid cryptocurrency amounts for the distribution in Bitcoin and Ethereum, as per the effective date on February 16, 2024.
  - d. The allocated distributor: either "Paypal" or "Venmo" or "Coinbase" or "USD bank transfer."
  - e. The status of the distribution: either (i) "Not yet distributed" or (ii) "Successful distribution via allocated distributor on [date]" or (iii) "Failed distribution via allocated distributor on [date]" or (iv) "Unable to distribute via allocated

- distributor". Together with this information, a history of previous statuses with corresponding dates.
- f. In case the distribution is set to be in liquid cryptocurrency and the current status is (iii), provide the future date when the distribution via the allocated distributor will be re-attempted.
  - g. In case the distribution is set to be in liquid cryptocurrency and the status is either (iii) or (iv), provide a form allowing creditors to request a re-route of their distribution to USD dollars via bank transfer as an alternative method, requiring the following information:
    1. A textbox to provide a brief explanation of the issues encountered with the allocated distributor.
    2. An "Upload" button to submit evidence supporting the experienced issues.
    3. A tick box indicating acceptance of an agreement regarding liquidation procedures. This agreement should be something to the extent of:  
*"The Debtor commits to liquidating the distribution in Bitcoin and Ethereum allocated to the Creditor within five business days from the submission of this request if the USD value of the distribution falls below [A set USD threshold]. If the USD value exceeds this threshold, the liquidation process will be completed within ten business days. The Creditor acknowledges that fluctuations in the USD values of Bitcoin and Ethereum may occur during this period, thereby affecting their final USD distribution. In the event that the USD value of Bitcoin or Ethereum drops below their respective values as of February 16, 2024, the Debtor pledges to liquidate the cryptocurrencies at the values of the effective date of February 16, 2024."*
    4. A "Submit" button for initiating the request and finalising the distribution process as USD dollars.
    5. Upon pressing the submit button, the dashboard should promptly display a success message. Simultaneously, an email confirming the successful request will be sent to the creditor, along with a form to complete for the collection of their bank details required for the bank transfer. Additionally, the dashboard should refresh to present updated information, such as the distribution method transitioning to "USD bank transfer" and the status indicating "Not yet distributed".

I kindly ask the court to consider this proposal seriously and to compel Stretto and the Debtor to adopt measures that prioritize the rights and interests of international creditors. The swift resolution of these issues is paramount to restoring trust and confidence in this bankruptcy proceeding.

Thank you for your attention to this matter, and I await your prompt actions to address these concerns.

Sincerely,  
Jonathan Vitale